Pacific Ridge Exploration Ltd.

Financial Statements
(An Exploration Stage Company)

March 31, 2010

(Unaudited)

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)
Balance Sheets
(Expressed in Canadian dollars)

			March 31, 2010		December 31, 2009
Assets			(Unaudited)		(Audited)
Current assets					
Cash and cash equivalents		$	851,538	$	964,714
Other receivables			10,197		61,978
Prepaid			10,500		18,000
			872,235		1,044,692
Property, plant and equipment	Note 3		9,709		10,496
Resource assets	Note 4		406,513		406,513
Reclamation bond			10,000		10,000
		$	1,298,457	$	1,471,701
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities		$	112,075	$	107,663
Shareholders' Equity					
Capital stock	Note 5		33,832,931		34,021,981
Contributed surplus			2,568,789		2,372,195
Deficit			(35,215,338)		(35,030,138)
			1,186,382		1,364,038
		$	1,298,457	$	1,471,701

Nature of operations and Going Concern (Note 1)
Commitments (Note 7)
Subsequent Event (Note 12)

Approved on behalf of the
Board of Directors:

"John S. Brock" (signed)	*"Douglas Proctor"(signed)*
John S. Brock	Douglas Proctor

The accompanying notes are an integral part of the financial statements

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)
Statements of Loss and Comprehensive Loss
(Unaudited and Expressed in Canadian dollars)

		Three months ended March 31, 2010	2009
Administration expenses			
Consulting		$ -	$ 995
Insurance		15,915	14,548
Legal and audit		3,825	11,203
Management and administrative services		25,064	34,850
Office operations and facilities		31,357	30,930
Shareholder communications and investor relations		22,798	14,608
Transfer agent and regulatory fees		6,839	7,624
Operating expenses		105,798	114,758
Other expenses (income)			
Interest		2,859	(6,016)
Exploration costs	Note 4	68,212	33,952
Amortization		787	1,125
Stock-based compensation	Note 5 (b)	196,594	12,760
		268,452	41,821
Loss before income tax		(374,250)	(156,579)
Future income tax recovery	Note 10	189,050	112,850
Loss and comprehensive loss for the period		$ (185,200)	$ (43,729)
Basic and diluted loss per common share		$ (0.01)	$ (0.00)

The accompanying notes are an integral part of the financial statements

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)
Statements of Cash Flows
(Unaudited and Expressed in Canadian dollars)

	Three months ended March 31, 2010	2009
Cash flows used in operating activities		
Loss for the period	$ (185,200)	$ (43,729)
Items not affecting cash		
Amortization	787	1,125
Future income tax recovery	(189,050)	(112,850)
Stock-based compensation	196,594	12,760
	(176,869)	(142,694)
Changes in non-cash working capital items		
Other receivables	51,781	(5,987)
Prepaid	7,500	-
Accounts payable and accrued liabilities	4,412	15,242
Due to related parties	-	(179)
	63,693	9,076
	(113,176)	(133,614)
Cash flows used in investing activities		
Acquisition of mineral property	-	(20,327)
Cash flows from financing activities	-	-
Increase (decrease) in cash and cash equivalents	(113,176)	(153,941)
Cash and cash equivalents - beginning of the period	964,714	353,725
Cash and cash equivalents - end of the period	$ 851,538	$ 199,784
Supplemental cash flow information		
Interest received	$ 18,187	$ -
Income tax paid	$ -	$ -

The accompanying notes are an integral part of the financial statements

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)
Statements of Shareholders' Equity
(Unaudited and Expressed in Canadian dollars)

	Common Shares		Contributed	Deficit	Total Shareholders'
	Shares	Amount	Surplus		Equity
				(Restated - Note 2)	(Restated - Note 2)
Balance at December 31, 2008	20,997,576	$ 33,346,072	$ 2,223,393	$ (34,302,750)	$ 1,266,715
Shares issued pursuant to flow-through arrangements with attacehd warrants	3,800,000	642,718	117,282		760,000
Shares issued pursuant to a private placement, net of issue costs	675,000	59,791			59,791
Shares issued for mineral property	500,000	86,250			86,250
Future income taxes		(112,850)	-		(112,850)
Stock-based compensation			31,520		31,520
Net loss for the year				(727,388)	(727,388)
Balance at December 31, 2009	25,972,576	34,021,981	2,372,195	(35,030,138)	1,364,038
Future income taxes		(189,050)			(189,050)
Stock-based compensation			196,594		196,594
Net loss for the period				(185,200)	(185,200)
Balance at March 31, 2010	25,972,576	$ 33,832,931	$ 2,568,789	$ (35,215,338)	$ 1,186,382

The accompanying notes are an integral part of the financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Pacific Ridge Exploration Ltd. (the "Company" or "Pacific Ridge") is in the business of acquiring and exploring resource properties. All of the Company's resource property interests are currently located in Canada.

The Company has no source of revenue, and has cash requirements to meet its exploration commitments, to pay for its administrative overhead and maintain its mineral interests. The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for resource assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary capital to finance the operations and upon future profitable production or proceeds from the disposition of its properties.

These financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharges its liabilities in the normal course of business. As at March 31, 2010, the Company had an accumulated deficit of $35,215,338 (December 31, 2009 - $35,030,138) and working capital of $760,160 (December 31, 2009 - $937,029). The Company incurred a net loss of $185,200 for the three months ended March 31, 2010 (March 31, 2009 – $43,729) and also has flow-through expenditure exploration commitments in 2010 amounting to approximately $450,000. Completion of the acquisition, exploration and development of its resource properties is dependent on the Company's ability to obtain the necessary on going financing.

These circumstances lend significant doubt as to the ability of the Company to meet its commitments as they become due and accordingly, the appropriateness of the use of the accounting principles applicable to a going concern. The Company intends to fund its plan of operations from existing working capital and the proceeds of future financings. Future financings are expected to be obtained through joint ventures, equity financing, and/or other means. While The Company has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING CHANGES

These unaudited financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are consistent with the policies outlined in the Company's audited financial statements for the year ended December 31, 2009.

Exploration Expenditures

Beginning the year 2009, the Company retrospectively changed its accounting policy for exploration expenditures to more appropriately align itself with policies applied by other companies in the mining and exploration industry. The Company now capitalizes exploration expenditures when an economic feasibility study has established proven and probable reserves. Prior to the year beginning January 1, 2009, the Company capitalized all exploration expenditures.

(Unaudited and Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING CHANGES (Continued)

Exploration Expenditures (Continued)

Exploration expenditures are now charged to net loss as they are incurred until the mineral property reaches the development stage. Significant costs related to property acquisition are capitalized until the viability of the mineral interest is determined. When it has been established that a mineral deposit is commercially mineable and an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized. The impact of this change on the previously reported December 31, 2008 financial statements is as follows:

	As Previously Reported $	Adjustment $	Restated $
Resource assets at December 31, 2008	3,825,199	(3,694,953)	130,246
Loss for the year ended December 31, 2008	(3,644,292)	2,375,348	(1,268,944)
Loss per share for the year ended December 31, 2008	(0.05)	0.04	(0.01)
Deficit at December 31, 2008	(30,477,547)	(3,825,203)	(34,302,750)

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost less accumulated amortization with details listed below:

	March 31, 2010			December 31, 2009		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Field equipment	$ 36,000	$ 26,291	$ 9,709	$ 36,000	$ 25,504	$ 10,496

4. RESOURCE ASSETS

The Company has interests in mineral properties in British Columbia, Nunavut, and Yukon, Canada. No acquisition costs were incurred for the three months ended March 31, 2010. A summary of capitalized acquisition expenditures for the year ended December 31, 2009 was as follows:

Mineral Properties	Baker Uranium	Fyre Lake	Klondike Kate*	Tumbler Ridge	Wapiti	Other	Total
Balance, December 31, 2008	$ 96,000	$ 1	$ -	$ 21,244	$ 13,000	$ 1	$ 130,246
Addition during the Year	-	17,850	238,090	20,327	-	-	276,267
Balance, December 31, 2009	$ 96,000	$ 17,851	$ 238,090	$ 41,571	$ 13,000	$ 1	$ 406,513

* Klondike Kate project includes GoldCap, Eureka/Moose, Polar Stewart and Mariposa properties

4. RESOURCES ASSETS (Continued)

a) Baker Basin Uranium Project, Nunavut

In 2007, the Company acquired a 60% interest in the Baker Basin Uranium Project from Kaminak Gold Corporation, who subsequently assigned its 40% interest to Kivalliq Energy Corp. ("Kivalliq"). During the year ended December 31, 2008, the Company acquired the remaining 40% interest from Kivalliq by issuing 500,000 post consolidation shares representing a value of $240,000.

With a 100% ownership of the project, the Company entered into an option/joint venture agreement with Aurora Energy Resources Inc. ("Aurora") on September 23, 2008. To earn 51% interest in the project, Aurora subscribed for a 500,000 post consolidation share private placement at $0.68 per share in 2008, and may incur staged exploration expenditures totalling $15 million up to December 31, 2011.

When a preliminary feasibility study is produced, Kivalliq will have the right to back-in to a 20% joint venture interest by reimbursing 40% of the exploration costs incurred including the cost of production of the preliminary feasibility study. The reimbursement will be distributed on a pro-rata basis to the Company and Aurora after the Company has received the first $7.3 million. Should Kivalliq elect to back in but fail to contribute to the joint venture, its interest would be subject to dilution and if reduced to 5% or less, converted to a royalty. The Company's joint venture interests would then range from a minimum of 15% to a maximum of 29%, depending on prior elections of Aurora and the Company.

During the fourth quarter 2009 Aurora advised the Company of their intention to relinquish its option of the Baker Basin project, this notice is expected to be formalized in 2010.

b) Fyre Lake Massive Sulphide Project, Yukon

The Company owns a 100% interest in the Fyre Lake property, where option/joint venture participation is being sought.

c) Klondike Kate Gold Project – Goldcap, Eureka/Moose, Polar Stewart, and Mariposa Properties, Yukon

The Company has staked 212 mineral claims comprising Goldcap and Eureka/Moose properties in June 2009.

In July 2009, the Company entered into an option agreement with Ryanwood Exploration Inc. ("Ryanwood") to acquire a 100% interest in 149 mineral claims located in Dawson City, Yukon, known as the Polar Stewart property. Pursuant to the terms of the agreement, the Company has the option to pay a total of $300,000 ($75,000 paid), issue a total of 1,250,000 (250,000 issued) common shares and has the option to undertake exploration expenditures totalling $1,500,000 over a five year period. In addition, the Company may, at any time, purchase one half of the net smelter return (2%) for $2,000,000. There is a $25,000 advance minimum royalty payable from 2014 onwards.

In October 2009, the Company entered into an option agreement to acquire a 100% interest in 203 claims, subsequently acquired additional 43 claims, located in Dawson City, Yukon, known as the Mariposa property. The principal terms of the agreement require the Company to pay a total of $120,000 ($20,000 paid) issue a total of 4,000,000 (250,000 issued) common shares and incur a total of $600,000 exploration expenditures over five year period. In addition, the Company may, at any time after a production notice has been given, purchase one half of the net smelter return (2%) for $1,000,000.

(Unaudited and Expressed in Canadian dollars)

4. RESOURCES ASSETS (Continued)

d) Tumbler Ridge Phosphate Project, British Columbia

In 2008 and 2009, the Company acquired a 100% interest in 122 mineral claims through staking.

e) Wapiti Phosphate Project, British Columbia

In July 2008, the Company entered into an agreement with Lateegra Gold Corp., pursuant to which the Company has an option to acquire up to a 65% interest in 15 claims located in east-central British Columbia, known as the Wapiti property. To earn a 51% interest, the Company paid $5,000 and issued 50,000 post-consolidation shares and have the option to complete $1,000,000 in exploration expenditures over a three-year period. To earn an additional 14% interest, the Company may pay an additional $250,000 and issue an additional 250,000 post-consolidation shares and make a further $1,000,000 of exploration expenditures over a two-year period.

The table below summarizes the exploration costs for the period ended March 31, 2010 and year end December 31, 2009:

	March 31, 2010	December 31, 2009
Accommodation	$ 23	$ 15,608
Assays and geochemical analysis	1,014	78,261
Geological Consulting	56,852	205,921
Expediting	-	517
Maps, printing and drafting	950	3,097
Project management fees	4,000	24,500
Project maintenance cost	4,838	590
Salaries and wages	158	3,345
Transportation	377	100,259
Total	**$ 68,212**	**$ 432,098**

5. CAPITAL STOCK

a) Common share: unlimited common shares without par value.

In September and October, 2009, the Company closed its non-brokered private placement of 3,800,000 Flow-Through Units and 675,000 Non-Flow-Through Units for gross proceeds of $895,000. Each unit was comprised of one common share and one –half of one transferable share purchase warrant which entitles the holder to purchase one common share at a price of $0.25 per share for one year.

In June 2009, the Company received shareholder and regulatory approval to consolidate its common shares on a one-new-for-four-old basis. Effective July 24, 2009, the Company's shares commenced trading on a consolidated basis under the TSX Venture Exchange symbol "PEX". Prior to the consolidation, the Company had 83,990,939 common shares outstanding. All figures for shares, earning per share and stock options have been adjusted retrospectively.

(Unaudited and Expressed in Canadian dollars)

5. CAPITAL STOCK (Continued)

b) Stock Options

In 2006, the Company adopted a stock option plan (the "Plan") authorizing the granting of stock options to qualified optionees to purchase a total of up to 10% of the then issued and outstanding common shares of the Company. Under the terms of the Plan, the options are subject to vesting provisions, and the term of stock options granted may not exceed five years from the date of grant.

Stock option transactions and the number of stock options outstanding are summarized below:

	March 31, 2010			December 31, 2009		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Outstanding, beginning of the period	712,500	$	0.93	1,412,500	$	0.78
Granted	1,530,000	$	0.20	-	$	-
Expired	-	$	-	(525,000)	$	0.57
Cancelled	-	$	-	(50,000)	$	0.68
Forfeited	-	$	-	(125,000)	$	0.80
Outstanding, end of the period	2,242,500	$	0.43	712,500	$	0.93

Stock options outstanding and exercisable at March 31, 2010 are as follows:

Awards Outstanding					Awards Exercisable			
Quantity	Weighted Average Remaining Contractual Life		Weighted Average Exercise Price	Expiry Date	Quantity	Weighted Average Remaining Contractual Life		Weighted Average Exercise Price
175,000	0.98	$	1.28	22-Mar-2011	175,000	0.98	$	1.28
212,500	1.99	$	1.04	28-Mar-2012	212,500	1.99	$	1.04
325,000	3.58	$	0.68	30-Oct-2013	162,500	3.58	$	0.68
1,530,000	4.83	$	0.20	29-Jan-2015	1,530,000	4.83	$	0.20
2,242,500	4.08	$	0.43		2,080,000	4.12	$	0.41

The Company applies the fair value method of accounting for stock options and, accordingly, the fair value of stock options of $196,594 (March 31, 2009 - $12,760) has been included in the statement of loss and comprehensive loss.

The fair value of options granted was estimated at the grant date based on the Black-Scholes option-pricing model, using the following assumptions:

(Unaudited and Expressed in Canadian dollars)

5. **CAPITAL STOCK (Continued)**

b) Stock Options (Continued)

	March 31, 2010	March 31, 2009
Risk-free interest rate	2.45%	3.81%
Expected share price volatility	106.79%	116.83%
Expected option life in years	5	5
Expected dividend yield	Nil	Nil

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

c) Share Purchase Warrants

Share purchase warrants outstanding on March 31, 2010 was as follows:

	March 31, 2010		December 31, 2009	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of the period	2,237,501	$ 0.25	-	$ -
Issued	-	$ -	2,237,501	$ 0.25
Expired	-	$ -	-	$ -
Outstanding, end of the period	2,237,501	$ 0.25	2,237,501	$ 0.25

800,000 warrants will expire on September 4, 2010 and a further 1,437,501 will expire on October 21, 2010.

6. **RELATED PARTY TRANSACTIONS**

The Company had the following related party transactions during the period ended March 31, 2010:

a) $13,200 (2009 - $10,400) paid to the President and CEO of the Company for exploration, administration and management services.

b) $Nil (2009 - $8,085) paid to the Vice President of Exploration for professional geological services. In connection with these services, $nil (2009 - $3,528) was due by the Company at March 31, 2010.

7. **COMMITMENTS**

The Company entered into a service agreement in 2008 with a non-related private company for its office space, administrative, corporate and other services at a base monthly fee of $8,000. The agreement can be cancelled at anytime upon one year notice. The current expiry date is June 30, 2012.

The Company has total of $325,000 optional cash payments for its Polar Stewart and Mariposa properties over five years.

8. CAPITAL MANAGEMENT

The Company's objective in managing its capital is to maintain the ability to continue as a going concern and to continue to explore on various properties for the benefits of its stakeholders.

The Company's capital includes the components of shareholders' equity. Capital requirements are driven by the Company's exploration activities on its mineral property interests. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overheads to manage costs, commitments and exploration activities.

As the Company is in the exploration stage, its operations have been and will continue to be funded by the sale of equity to investors. Although the Company has been successful in raising funds in the past through issuing common shares, it is uncertain whether it will continue this financing in the future.

9. FINANCIAL INSTRUMENTS

The Company has classified cash and cash equivalents as held-for-trading; other receivables as loans and receivables; accounts payable and accrued liabilities as other financial liabilities.

Fair Values

As at March 31, 2010, the recorded amounts for cash and cash equivalents are at fair value. Other receivables, accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

Currency Risk

The Company has no foreign currency denominated assets or liabilities except for occasional and immaterial US dollar expenses.

Interest Rate Risk

The Company's cash held in bank accounts earn interest at variable interest rates and the short term investment is held in a GIC. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a material impact on the expected cash flows.

Credit Risk

The Company has its cash and short-term investment deposited with a large, federally insured, commercial bank. Other credit risk is limited to trade receivables in the ordinary course of business, which consist primarily of GST receivable. The balance of trade receivables are not significant.

9. FINANCIAL INSTRUMENTS (Continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities and through the management of its capital structure. At March 31, 2010, the Company had cash and cash equivalents of $851,538 (December 31, 2009: $964,714), however as disclosed in Note 1 the Company requires further funding to meet its financial commitments.

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices in active markets for identical assets or liabilities,
Level 2 – valuation methods that make use of directly or indirectly observable inputs, and
Level 3 – valuation methods that make use of unobservable market data used as inputs.

The fair value of the Company's cash and cash equivalents is their carrying value (level 2). The fair value of the Company's receivables and payables approximates their carrying value given their short-term nature.

10. FUTURE INCOME TAX RECOVERY

Under the provisions of CICA EIC 146, in respect of flow-through shares, a future income tax liability must be recognized, and shareholders' equity reduced, on the date that the Company renounces the tax credits associated with flow-through expenditures, provided that there is reasonable assurance that the expenditures will be made. As the Company has unrecognized future tax assets and the taxable temporary differences relating to the flow-through shares are expected to reverse during the loss carry forward period, these tax assets can be applied against the future taxable temporary difference. The recognition of the benefits resulted in a future income tax recovery of $189,050 (2009 - $112,850).

11. SEGMENTED INFORMATION

The Company has one business segment, the exploration of mineral properties. All of the Company's assets are located in Canada.

12. SUBSEQUENT EVENT

712,500 stock options at weighted average exercise price of $0.93 were cancelled in April 2010.